

Opening Statement

On behalf of the Hop Marketing Order Proponent's Committee, we would like to extend our appreciation to the United States Department of Agriculture for the opportunity to defend our proposal for a federal hop marketing order in a formal public forum. This process began almost 2 years ago in the wake of severe economic hardship brought on, in part, by a chronic oversupply situation and several voluntary industry efforts to bring supply back in line with demand. In November 2001, the Hop Growers of America appointed a task force which became known as the Production Management Team to study the problem of chronic oversupply and provide a recommendation to the industry at the 2002 HGA Convention in Salishan, Oregon.

A series of meetings were held throughout the Pacific Northwest in order to gather input from the grower community. The meetings were well attended and a consensus was developed on several key issues:

1. The program must be mandatory with penalties for non-compliance.
2. The benefits and costs must accrue equitably across the industry.
3. Oregon growers requested that Washington growers take a leadership role in addressing the situation.

The Production Management Team took this information and developed a two part recommendation which was presented to the industry at the 2002 HGA Convention:

Phase 1: Washington would take a leadership role in reducing production by pursuing the implementation of a Set Aside Program which would provide financial incentive for growers to leave acreage unstrung for the 2002 crop funded by a special assessment.

Phase 2: A Proponent's Committee would be formed to pursue the development of a federal marketing order for hops.

In February 2002, a Proponent's Committee was formed and a new series of industry meetings were initiated in Oregon, Idaho, and Washington to solicit input into the features of a proposal for a federal marketing order. The services of Ag Management, Inc. and Rod Christensen were secured by the Proponent's Committee.

Concurrent with the Proponent's Committee activity, the Washington State Department of Agriculture was petitioned to begin the process of allowing a referendum on the Set Aside program. Private contracts were agreed to among a majority of Washington growers ensuring anticipatory support for setting aside 6,000 acres of 2002 production and support for the subsequent referendum. On May 1, 2002 the prerequisite minimum commitment of 6,000 acres was reached and on May 6, 2002 the Acting Director of the WSDA recommended that the Set Aside proposal go to referendum. On May 30, 2002, the decision was reversed and the referendum was denied effectively too late for growers to string acres committed to the program.

Meanwhile, the Proponent's Committee's activities continued. In July of 2002, a first draft of the proposed federal marketing order is presented to the industry and another round of industry meetings are held to hear input. After modifications based on this input are incorporated, the proposal is submitted to the USDA on October 7, 2002.

The process has been open, inclusive, and represents a sincere effort to develop a consensus on a proposal which will give the industry a tool to use to bring some much needed stability to our struggling industry. We firmly believe that a healthy hop industry is in the best interests of growers, merchants, and especially our customers. It is the sincere wish of the Proponent's Committee that the proceedings over the next few days are fruitful and the debate remain open and honest and above all civil as we discuss the proposed federal marketing order for hops.